



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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2018/19

From the desk of Chris Wilcox, Executive Director

- Australian wool market pauses
- Other textile fibre prices also on the rise
- Australian wool exports down sharply in April
- Data from the National Wool Declaration shows continued rise in Pain Relief and Non-Mulesed wool
- Upcoming events

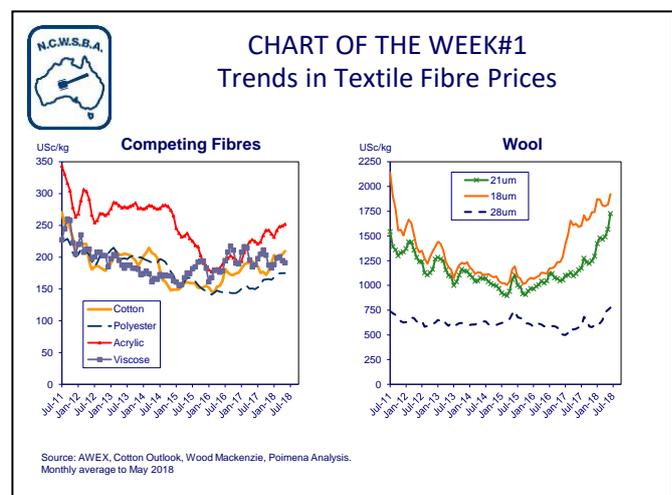


Applications for the **NCWSBA Wool Broker Award for 2018 close on 22nd June**. Sponsored by Fairfax Agricultural Media and AWTA, the Award recognises excellence in wool broking by a younger member of our industry. This year's Award winner will be granted an **all-expenses paid trip Venice, Italy to attend the 2019 IWTO Congress in April 2019**. **Contact me for application forms.**

The **Australian wool market** slowed this week as buyers paused and took stock of the situation after the frantic pace of recent weeks. Prices for fine Merino wool eased back while prices for medium Merino wool were firm to a little higher. This has collapsed the price differentials between fine Merino wool and broader Merino wool. Crossbred wools were generally a little softer. The **Eastern Market Indicator** slid back from last week's record levels to finish at 2011 c/kg, down by 16 cents. Only Sydney and Melbourne were selling this week, with the Northern Market Indicator falling by 19 cents to 2057 c/kg and the Southern Market Indicator down by 15 cents to 1981 c/kg. The A\$ was stronger against all currencies, which may have put some pressure on the A\$ prices. As a result of the higher A\$, the EMI lifted by 6 UScents to 1538 USc/kg (a new record) and by 25 RMB to 9844 RMB/kg. It fell by 8 €cents to 1305 €cents/kg.

While wool prices have been rising in the past month or so, so too have many of the **major textile fibre** which compete with wool. Since February, the US\$ price of cotton has increased by 7% and currently stands at the highest level in four years. Acrylic fibre prices have also increased, up by 4% since February, continuing the rising trend seen since January 2016. Polyester staple fibre prices have increased in the past three months, but at a more modest pace of 1.5%. By comparison, the US\$ price of 21 micron wool is 17% higher than February and the 18 micron wool price is 3% higher (it was already at high levels). The biggest mover is 28 micron wool, with prices up by 26% since February. In contrast to the increases seen for these other fibres, the price for cellulosic-based viscose has fallen by 4% in the past three months.

The first **Chart of the Week** shows the trends in US\$ prices for wool and various other textile fibres over the past seven years.



The statistics on **Australian wool exports** for April were released yesterday. It shows that exports dropped very sharply in both volume and value terms for the month compared with April 2017. The monthly volume of exports fell by 19% in April, while the value of exports fell by 9%. While exports to the six major export

destinations fell in April, the overall drop was driven by a 21% fall in the volume of exports to China. Exports to South Korea were 29% lower, exports to Egypt were down by 31% and exports to Italy fell by 17%. Even with the drop in April, the volume of wool exports for the ten months of the 2017/18 season (that is, July to April) were 2.4% higher than for the same period in 2016/17. The value of exports were 19% higher at \$3.12 billion.

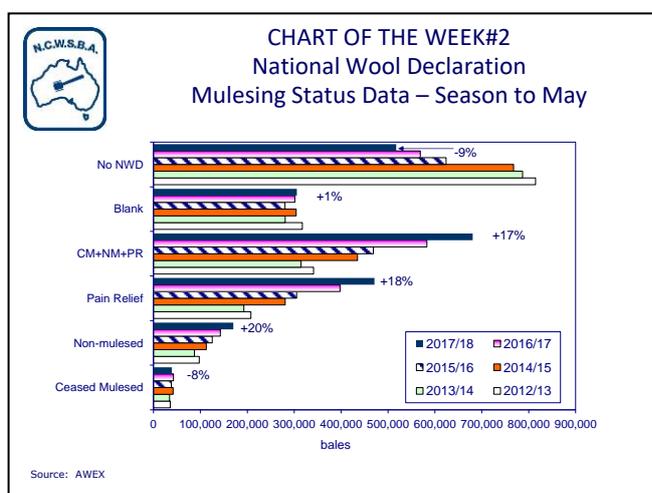
By micron category for the 2017/18 season to date exports of wool:

- 19 microns and finer were 15% lower in volume but were 4% higher in value;
- Between 20 and 23 micron were 18% higher in volume and 37% higher by value;
- Between 24 and 27 micron were 10% higher in volume and 30% higher by value; and
- 28 microns and broader were 29% higher in volume and 25% higher in value.

Earlier this week, AWEX released data from the **National Wool Declaration** for May. The data shows a continued increase in the volume of wool being offered at auction that is either declared as Pain Relief (PR) or as Non-Mulesed (NM). However, there has been a drop in the amount of wool declared as Ceased Mulesed (CM). In May, the number of bales offered at auction in Australia declared as Non-Mulesed lifted by 36% compared with May 2017. The number of bales offered declared as Pain Relief was 15% higher. But, the number of bales declared as Ceased Mulesed was down by 23%. This decline comes after a 25% year-on-year drop in April and a 34% fall in March. The total number of bales offered at auction was 7% higher in May, according to the data from AWEX, with ALL of the increase the result of the increase in PR and NM wool.

For the 2017/18 season to May, there has been a 20% increase in the number of bales declared as NM and an 18% increase in the number of bales declared as PR. There has been a small 1% increase in the number of bales with a blank National Wool Declaration, but a fall of 8% in the number of bales declared as CM. Overall, the number of bales with an NWD was 12% higher than for the same period in 2016/17. The second **Chart of the Week** shows the total number of bales declared with each declaration type for the season to May for 2017/18 and the previous five seasons.

In terms of shares of the total, wool offered in Australia with an NWD is now 65.6% of all wool offered. Wool declared as NM now accounts for 11.3% of all wool offered and wool declared as PR is now 45.3%. This is a phenomenal change in the past five years: in 2012/13 wool with an NWD accounted for 44.7% of all wool offered, with NM-declared wool only 6.6% and PR-declared wool as just 14%.



INDUSTRY EVENTS

The **NCWSBA AGM and Forum** will be held on Thursday, 23rd August 2018 in Melbourne as part of the **2018 AWIS Wool Week**.

The **Nanjing Wool Market Conference** will be held on 11th to 13th September 2018 in Nanjing.

The **IWTO 2019 Congress** will be held in Venice on 9th to 11th April 2019.

WOOL SALES WEEK BEGINNING 11th JUNE 2018 – week 50 (roster as at 07/06/2018)

Sydney

Wed, 13th June; Thurs, 14th June 11,043 bales

Melbourne

Wed, 13th June; Thurs, 14th June 13,623 bales

Fremantle

Wed, 13th June; Thurs, 14th June 4,290 bales

Information in the Weekly Newsletter is intended to provide general information only and is not intended to constitute advice for a specific purpose.